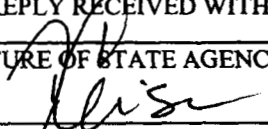
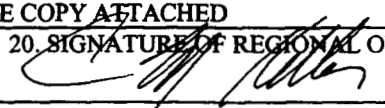


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 04-21	2. STATE Louisiana
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE October 1, 2004	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.253		7. FEDERAL BUDGET IMPACT: a. FFY <u>2005</u> \$0.00 b. FFY <u>2006</u> \$0.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-A, Item 1, Page 7.a. Attachment 4.19-A, Item 1, Page 7.b. Attachment 4.19-A, Item 1, Pages 10m(1) – 10m(4) Attachment 4.19-A, Item 1, Page 10m(5)		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same (TN 03-38) None (New Page) Same (TN 94-32) None (New Page)	
10. SUBJECT OF AMENDMENT: The purpose of this amendment is to clarify criteria for participation for major and minor teaching hospitals and to clarify criteria for reimbursement of graduate medical education.			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor does not review state plan material. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: State of Louisiana Department of Health and Hospitals 1201 Capitol Access Road PO Box 91030 Baton Rouge, LA 70821-9030	
13. TYPED NAME: Frederick P. Cerise, M.D., M.P.H.			
14. TITLE: Secretary			
15. DATE SUBMITTED: November 30, 2004			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 10 DECEMBER 2004		18. DATE APPROVED: JAN 18 2005	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: OCT - 1 2004		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Carmen Keller		22. TITLE: SEO CMC	
23. REMARKS:			

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHOD AND STANDARDS FOR ESTABLISHING RATES - IN-PATIENT HOSPITAL CARE

private (non-state) acute hospitals, including long term hospitals, with a Medicaid utilization rate of less than 25 percent shall be reimbursed as follows: in state fiscal year 2003-2004 only, the reimbursement shall be 98.75 percent (a 1.25 percent reduction) of the per diem rates in effect on September 30, 2003, and for subsequent years, the reimbursement shall be 99.2 percent (a .8 percent reduction) of the per diem rates in effect on September 30, 2003 for private hospitals.

The Medicaid inpatient days utilization rate shall be calculated based on the filed cost report for the period ending in state fiscal year 2002 and received by the Department prior to April 30, 2003. Only Medicaid covered days for inpatient hospital services, which include newborn days and distinct part psychiatric units, are included in this calculation. Inpatient stays covered by Medicare Part A can not be included in the determination of the Medicaid inpatient days utilization rate. Small rural hospitals as defined by the Rural Hospital Preservation Act (R.S. 40:1300.143) shall be excluded from this reimbursement reduction. Also inpatient services provided to fragile newborns or critically ill children in either a Level III Regional Neonatal Intensive Care Unit or a Level I Pediatric Intensive Care Unit, which units have been recognized by the Department on or before January 1, 2003, shall be excluded from this reimbursement reduction.

Payment for Graduate Medical Education (GME) costs must be limited to the direct cost of interns and residents in addition to the teaching physician supervisory costs. Teaching physician supervisory costs shall be limited in accordance with the provisions of the Medicare Provider Reimbursement Manual. The GME component of the rate shall be based on hospital specific graduate medical education Medicaid cost for the latest year on which hospital prospective reimbursements are rebased trended forward in accordance with the prospective reimbursement methodology for hospitals.

Hospitals implementing GME programs approved after the latest year on which hospital prospective reimbursements have been rebased shall have a GME component based on the first full cost reporting period that the approved GME program is in existence trended forward in accordance with the prospective reimbursement methodology for hospitals.

No teaching hospital shall receive a per diem rate greater than 115 percent of its facility specific cost based on the latest rebasing year in accordance with the prospective reimbursement methodology for hospitals.

The peer group maximum for minor teaching hospitals shall be the peer group maximum for minor teaching hospitals or the peer group maximum for peer group five, whichever is greater.

If it is subsequently discovered that a hospital has been reimbursed as a major or minor teaching hospital and did not qualify for that peer group for any reimbursement period, retroactive adjustment shall be made to reflect the correct peer group to which the facility

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should have been assigned. The resulting overpayment will be recovered through immediate recoupment from any funds due to the hospital from the Department.

In order for facilities that do not qualify as major or minor teaching facilities to be reimbursed for GME, the GME must be recognized by the Medical Assistance Program for reimbursement and shall be limited to facilities having a documented affiliation agreement with a Louisiana medical school accredited by the Liaison Committee on Medical Education (LCME).

Qualification for teaching hospital status or to receive reimbursement for GME costs shall be reestablished at the beginning of each fiscal year.

To be reimbursed as a teaching hospital or to receive reimbursement for GME costs, a facility shall submit the following documentation to the Bureau within thirty days of the beginning of each state fiscal year:

1. a copy of the executed affiliation agreement for the time period for which the teaching hospital status or GME reimbursement applies;
2. a copy of any agreements with non-hospital facilities; and
3. a signed Certification For Teaching Hospital Recognition.

Each hospital which is reimbursed as a teaching hospital or receives reimbursement for GME costs shall submit the following documentation to the Bureau within 90 days of the end of each state fiscal year

1. a copy of the Intern and Resident Information System (IRIS) report that is submitted annually to the Medicare intermediary; and
2. a copy of any notice given to the Accreditation Council for Graduate Medical Education (ACGME) that residents rotate through a facility for more than one sixth of the program length or more than a total of six months.

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- C. To be eligible for reimbursement for services provided by a **Hospital Intensive Neurological Rehabilitation Care (HINRC) unit**, a hospital must:
1. Meet the requirements of A. above;
and
 2. Be accredited by the Joint Commission of Accreditation of Healthcare Organizations (JCAHO) and by the Commission on Accreditation of Rehabilitation Facilities (CARF);
and
 3. Contain a unit that meets the requirements for a HINRC unit as described in Attachment 3.1-A, Item 1;
and
 4. Enroll the HINRC unit separately as a Medicaid provider of Hospital Intensive Neurological Rehabilitation Care.
- D. To be eligible for reimbursement for services provided by a **major teaching hospital**, a hospital must:
1. Meet the requirements of A. above;
and
 2. Have a documented affiliation agreement with a Louisiana medical school accredited by the Liaison Committee on Medical Education (LCME). These facilities must be a major participant in at least four approved medical residency programs. At least two of the programs must be in medicine, surgery, obstetrics/gynecology, pediatrics, family practice, emergency medicine or psychiatry.
 3. For the purposes of recognition as a major teaching hospital, a facility shall be considered a "major participant" in a graduate medical education program if it meets both of the following criteria:
 - a. the facility must pay for the costs of the training program in the non-hospital, or hospital setting including the residents' salaries and fringe benefits, the portion of the cost of teaching physicians' salaries and fringe benefits attributable to direct graduate medical education and other direct administrative costs of the program; and
 - b. the facility must participate in residency programs that:
 - (1) require residents to rotate for a required experience, or

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- (2) require explicit approval by the appropriate Residency Review Committee (RRC) of the medical school with which the facility is affiliated prior to utilization of the facility, or
 - (3) provide residency rotations of more than one-sixth of the program length or more than a total of six months at the facility and are listed as part of an accredited program in the Graduate Medical Education Directory of the Accreditation Council for Graduate Medical Education (ACGME).
 - 4. Must maintain an intern and resident full time equivalency of at least 15 filled positions.
- E. To be eligible for reimbursement for services provided by a **minor teaching hospital**, a hospital must:
 - 1. Meet the requirements of A. above;
and
 - 2. Have a documented affiliation agreement with a Louisiana medical school accredited by the Liaison Committee on Medical Education (LCME). These facilities must participate significantly in at least one approved medical residency program. At least one of these programs must be in medicine, surgery, obstetrics/gynecology, pediatrics, family practice, emergency medicine, or psychiatry.
 - 3. For the purposes of recognition as a minor teaching hospital, a facility is considered to "participate significantly" in a graduate medical education program if it meets both of the following criteria:
 - a. the facility must pay for the costs of the training program in the non-hospital or hospital setting including the residents' salaries and fringe benefits, the portion of the cost of teaching physicians' salaries and fringe benefits attributable to direct graduate medical education and other direct administrative costs of the program; and
 - b. the facility must participate in residency programs that:
 - (1) require residents to rotate for a required experience, or
 - (2) require explicit approval by the appropriate Residency Review Committee (RRC) of the medical school with which the facility is affiliated prior to utilization of the facility, or
 - (3) provide residency rotations of more than one-sixth of the program length or more than a total of six months at the facility

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and are listed as part of an accredited program in the Graduate Medical Education Directory of the Accreditation Council for Graduate Medical Education (ACGME). If not listed, the sponsoring institution must have notified ACGME, in writing, that the residents rotate through the facility and spend more than one-sixth of the program length or more than a total of six months at the facility.

4. Must maintain an intern and resident full time equivalency of at least six filled positions.

F. An **approved medical residency program** is one that meets one of the following criteria:

1. Counts towards certification of the participant in a specialty or subspecialty listed in the current edition of either The Directory of Graduate Medical Education Programs published by the American Medical Association, Department of Directories and Publications, or the Annual Report and Reference Handbook published by the American Board of Medical Specialties; or
2. Is approved by the ACGME as a fellowship program in geriatric medicine; or
3. Is a program that would be accredited except for the accrediting agency's reliance upon an accreditation standard that requires an entity to perform an induced abortion or require, provide, or refer for training in the performance of induced abortions, or make arrangement for such training regardless of whether the standard provides exceptions or exemptions.

A residency program at a non-hospital facility may be counted by a hospital if:

1. there is a written agreement with the non-hospital facility that requires the hospital facility to pay for the cost of the training program; and
2. the agreement requires that the time that residents spend in the non-hospital setting is for patient care.

G. To be eligible for reimbursement for services provided by a **specialty hospital**, a hospital must:

1. Meet the requirements of A. above; and

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2. Be recognized as a rehabilitation hospital, long-term (ventilator) hospital, or children's hospital recognized by Medicare as a PPS-exempt hospital. A specialty hospital is always classified in the appropriate specialty hospital peer group, irrespective of technical qualification to be included in any other peer group. The Medicaid Agency obtains verification from the Medicare fiscal intermediary of Medicare PPS-exempt status initially and annually thereafter prior to calculation of the next state fiscal year's rate.

The following regulations are applicable:

Loss of Medicare P.P.S.-exempt status: The hospital must report loss of Medicare P.P.S.-exempt status within 15 days of notice from Medicare. Hospitals will be placed into the appropriate peer group effective with the date of the change. Any resulting overpayment will be recouped.

Newly-obtained Medicare P.P.S.-exempt status: The hospital must report acquisition of Medicare P.P.S.-exempt status at least 90 days prior to the beginning of the State fiscal year to be eligible for consideration of placement into the appropriate specialty hospital peer group.

- H. To be eligible for reimbursement for services provided by a **Burn Care Unit**, the unit must meet the following qualifications:
 1. The hospital in which the unit is located must meet the requirements of A. above; and
 2. The unit must meet the criteria specified in the hospital services provider manual.
- I. To be eligible for reimbursement for services provided by a **Neonatal Intensive Care (NICU) Unit**, the unit must meet the following qualifications:
 1. The hospital in which the unit is located must meet the requirements of A. above; and
 2. The unit must be rated at one of four levels of care based on severity of illness and intensity of service grouped by guidelines developed by the Louisiana Perinatal Commission and described in the *Hospital Services Manual*.
- J. To be eligible for reimbursement for services provided by a **Pediatric Intensive Care (PICU) Unit**, the unit must meet the following qualifications:

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-A
Item 1, Page 10 m (5)

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1. The hospital in which the unit is located must meet the requirements of A. above; and
 2. The unit must be rated at one of two levels of care based on severity of illness and intensity of service described in the *Hospital Services Manual*.
- K. To be eligible for reimbursement for services provide by a **Transplant Unit**, the hospital must meet the following qualifications:
1. The hospital in which the unit is located must meet the requirements of A. above; and
 2. The unit meets the requirements for an Organ Transplant Unit described in Attachment 3.1-A, Item 1; and
 3. The hospital meets the criteria to qualify as a Medicare-designated transplant center.

NOTE: The Bureau's Health Standards Section may grant an exception to the qualifying criteria for a hospital whose transplant program was recognized by Medicaid of Louisiana prior to July 1, 1994.

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